

WHY SOME FIRMS FLY

Part 10 in a management series from Beaton Consulting



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PROFITING FROM CLIENT RELATIONSHIPS

Why fostering loyalty is better than hunting

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When it comes to client relationships, the proverbial bird in the hand is often worth far more than two in the bush!

Expanding and leveraging existing client relationships offers the potential for a greater volume of work, more referrals, reduced service delivery costs, a more satisfying mix of matters and, ultimately, the potential to realise higher fees and profits. Yet many law firms fail to capitalise on the potential that resides with clients already served, and complacency creeps too easily into established relationships.

Two pervasive cultural issues are often to blame. The first of these is the tendency of the profession to celebrate and reward new client acquisitions

'Many firms fail to capitalise on the value of clients they already serve'

ahead of repeat business or, as author David Maister puts it, 'hunting' over 'farming'. It's only natural, then, that many lawyers enjoy the 'thrill' of chasing and winning new clients when this is what earns the greatest admiration – and perhaps envy – from their colleagues and professional peers.

Secondly, some lawyers feel quite uncomfortable when building relationships means getting 'up close and personal' with clients. Intimacy and rapport don't come naturally to everyone, and many find it easier to wait – in hope – for requests for tender to arrive on their desks.

The first step in a structured approach to 'farming' is to review existing clients and recognise those that offer the best return for effort in relationship development. Such clients should have good profit growth potential, enjoy doing business with you

and value what you offer, prefer long-term and trusting relationships with providers, and contribute to developing your firm's capabilities and enhancing its reputation.

Next, there are some well-recognised 'loyalty levers' that will help your firm secure long-term client commitment:

- Transactional satisfaction: ensure each matter meets or exceeds the client's expectations in terms of quality, service and value.
- Added value: help make clients' businesses more successful by helping them achieve their strategies, solve their problems and get critical work done.
- Structural bonds: create and reinforce client perceptions of strategic dependence on your in-depth knowledge of their business and their special needs, and of substantial switching costs should they decide to look elsewhere.
- Personal bonds: build chemistry and rapport with clients, reinforced by their trust in your reliability and integrity.
- Share of mind: ensure your firm is the first (and, ideally, the only) one the client thinks of when issues even remotely relate to your field of expertise.
- The extra mile: set aside your own interests and do something out of the ordinary for the client, from a small gesture to delivering well beyond the brief.

Firms that fly know that the best source of profitable, sustainable growth for a legal practice lies with the clients they have already 'tamed', rather than those who need to be chased and captured.

